GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3815
ANSWERED ON:17.08.2000
COST OF NAPHTHA AND LNG BASED UREA.
PRAVEEN RASHTRAPAL

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the average cost of feedstock per million BTU for urea manufactured using Naphtha and Liquefied Natural Gas;

(b) the average cost of feedstock per million BTU for urea manufactured in the fertilizer exporting countries;

(c) the reasons for difference in the above, if any; and

(d) the steps taken by the Government to make available feedstock at globally competitive rates to domestic manufacturers?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS)

(a) to (d): While average cost of feedstock per million BTU for urea manufactured in fertilizer exportingcountries differs from country to country and the pricing details are not available, the energy cost in India for production of fertilizers is higher than that in the fertilizer exporting countries. It is estimated that energy cost in countries exporting fertilizer to India is around US $ 1 or even less per million BTU, which in India isas high as US $ 7 to 8 in case of naphtha based indigenous production while it is two to three times more in case of indigenous gas based units. The prices of feedstock will vary from country to country depending upon various factors including demand supply gap of these products, cost of production etc. While natural gas is a non-tradable commodity in international market, naphtha, which is another major feedstock for the fertilizer sector, can be imported freely. Public sector oil companies under the administrative control of Ministry of Petroleum & Natural Gas as well as private sector companies are taking steps to set up projects with a view to promote availability of Liquified Natural Gas (LNG) in the country which is expected to be a cheaper andpreferred feedstock in comparison to naphtha. The core group of fertilizer sector companies has also been directed to work on a detailed feasibility report for setting up of an integrated chain of LNG in the country